

**House File 2281 - Introduced**

HOUSE FILE 2281

BY HEARTSILL and LYKAM

**A BILL FOR**

1 An Act authorizing the rebate of state sales and use tax to  
2 the owner or operator of a raceway facility, and providing  
3 penalties.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 423.2, subsection 11, paragraph b, Code  
2 2014, is amended by adding the following new subparagraph:

3 NEW SUBPARAGRAPH. (7) Beginning the first day of the  
4 quarter following the effective date of this Act, transfer  
5 to the raceway facility tax rebate fund created in section  
6 423.4, subsection 11, paragraph "e", that portion of the sales  
7 tax receipts collected and remitted upon sales of tangible  
8 personal property or services furnished by retailers at a  
9 raceway facility meeting the qualifications of section 423.4,  
10 subsection 11, that remains after the transfers required in  
11 subparagraphs (1) through (6) of this paragraph "b". This  
12 subparagraph is repealed June 30, 2025, or thirty days  
13 following the date on which two million dollars in total  
14 rebates have been provided under section 423.4, subsection 11,  
15 or thirty days following the date rebates cease as provided in  
16 section 423.4, subsection 11, paragraph "c", subparagraph (5),  
17 whichever is earliest.

18 Sec. 2. Section 423.4, Code 2014, is amended by adding the  
19 following new subsection:

20 NEW SUBSECTION. 11. a. For purposes of this subsection:

21 (1) "*Change of control*" means a change in ownership such  
22 that the fair that was the owner or operator on the effective  
23 date of this Act ceases to own a majority of the equity  
24 interests in the raceway facility.

25 (2) "*Fair*" means the same as defined in section 174.1.

26 (3) "*Owner or operator*" means a fair that is the owner or  
27 operator of a raceway facility and is a promoter of races.

28 (4) "*Population*" means the population based upon the 2010  
29 certified federal census.

30 (5) "*Raceway facility*" means a raceway facility located  
31 as part of a racetrack and entertainment complex and located  
32 on fairgrounds, as defined in section 174.1, in a city with a  
33 population of at least seven thousand but not more than seven  
34 thousand five hundred residents, which city is located in a  
35 county with a population of at least thirty-three thousand

1 but not more than thirty-three thousand four hundred fifty  
2 residents, and which facility was placed in service before the  
3 effective date of this Act.

4     *b.* The owner or operator of a raceway facility may apply to  
5 the department for a rebate of the following:

6       (1) Sales tax imposed and collected by retailers upon  
7 sales of tangible personal property or services furnished to  
8 purchasers at the raceway facility. Notwithstanding the state  
9 sales tax imposed in section 423.2, a sales tax rebate issued  
10 pursuant to this subparagraph shall not exceed the amounts  
11 transferred to the raceway facility tax rebate fund pursuant to  
12 section 423.2, subsection 11, paragraph "b", subparagraph (7).

13       (2) (a) Sales or use tax upon the sales price of all  
14 tangible personal property, or from services furnished to a  
15 contractor, used in the fulfillment of a written contract with  
16 the owner or operator if the property becomes an integral part  
17 of the project under contract and at the completion of the  
18 project becomes part of the raceway facility.

19       (b) Notwithstanding the state sales tax imposed in section  
20 423.2, a sales tax rebate issued pursuant to this subparagraph  
21 shall not exceed the amounts remaining after the transfers  
22 required under section 423.2, subsection 11, paragraph "b",  
23 subparagraphs (1) through (6), have been made from the total  
24 amount of sales tax for which the rebate is requested.

25       (c) Notwithstanding the state use tax imposed in section  
26 423.5, a use tax rebate issued pursuant to this subparagraph  
27 shall not exceed the amounts remaining after the transfers  
28 required under section 423.43, subsection 1, have been made  
29 from the total amount of use tax for which the rebate is  
30 requested.

31     *c.* The rebate may be obtained only in the following amounts  
32 and manner and only under the following conditions:

33       (1) For rebates pursuant to paragraph "b", subparagraph (1),  
34 on forms furnished by the department within the time period  
35 provided by the department by rule, which time period shall not

1 be longer than quarterly.

2 (2) For rebates pursuant to paragraph "b", subparagraph (2),  
3 on forms furnished by the department within the time period  
4 provided by the department by rule, but not more than one year  
5 after the final settlement has been made.

6 (3) The owner or operator shall provide information as  
7 deemed necessary by the department.

8 (4) The transactions for which sales or use tax was  
9 collected and the rebate is sought occurred on or after January  
10 1, 2015, but before January 1, 2025. However, not more than  
11 two million dollars in total rebates shall be provided pursuant  
12 to this subsection.

13 (5) Notwithstanding subparagraph (4), the rebate of sales  
14 or use tax shall cease for transactions occurring on or after  
15 the date of the change of control of the raceway facility.

16 (6) The raceway facility has not received or shall not  
17 receive any grants under the community attraction and tourism  
18 program pursuant to chapter 15F, subchapter II, or the vision  
19 Iowa program pursuant to chapter 15F, subchapter III.

20 d. To assist the department in determining the amount of the  
21 rebate, the following shall occur:

22 (1) For rebates pursuant to paragraph "b", subparagraph  
23 (1), the owner or operator shall identify to the department  
24 retailers located at the raceway facility who will be  
25 collecting sales tax. The department shall verify such  
26 identity and ensure that all proper permits have been issued.  
27 For purposes of this subsection, advance ticket and admissions  
28 sales shall be considered occurring at the raceway facility  
29 regardless of where the transactions actually occur.

30 (2) For rebates pursuant to paragraph "b", subparagraph (2),  
31 the contractor shall state under oath, on forms provided by  
32 the department, the amount of such sales of tangible personal  
33 property, or services furnished and used in the performance  
34 of a contract, and upon which sales or use tax has been paid,  
35 and shall file such forms with the owner or operator which has

1 made any written contract for performance by the contractor.  
 2 The forms shall be filed by the contractor with the owner or  
 3 operator before final settlement is made. Any contractor who  
 4 willfully makes a false report of tax paid under the provisions  
 5 of this subsection is guilty of a simple misdemeanor and in  
 6 addition shall be liable for the payment of the tax and any  
 7 applicable penalty and interest.

8 e. There is established within the state treasury under  
 9 the control of the department a raceway facility tax rebate  
 10 fund consisting of the amount of state sales tax revenues  
 11 transferred pursuant to section 423.2, subsection 11, paragraph  
 12 "b", subparagraph (7). An account is created within the  
 13 fund for each raceway facility meeting the qualifications of  
 14 this subsection. Moneys in the fund shall only be used to  
 15 provide rebates of state sales tax pursuant to paragraph "b",  
 16 subparagraph (1). Not more than two million dollars in total  
 17 rebates shall be paid from the fund. Any moneys in the fund  
 18 which represent state sales tax revenue for which the time  
 19 period in paragraph "c" for receiving a rebate has expired,  
 20 or which otherwise represent state sales tax revenue that has  
 21 become ineligible for rebate pursuant to this subsection shall  
 22 immediately revert to the general fund of the state.

23 f. Upon determining that the conditions and requirements  
 24 of this subsection and the department are met, the department  
 25 shall issue a warrant to the owner or operator in the amount  
 26 equal to the amount claimed and verified by the department.

27 g. This subsection is repealed June 30, 2025, or thirty  
 28 days following the date on which two million dollars in total  
 29 rebates have been provided, or thirty days following the  
 30 date on which rebates cease as provided in paragraph "c",  
 31 subparagraph (5), whichever is the earliest.

#### 32 EXPLANATION

33 The inclusion of this explanation does not constitute agreement with  
 34 the explanation's substance by the members of the general assembly.

35 This bill authorizes the department of revenue to rebate

1 sales and use tax for certain transactions related to a  
2 raceway facility. To be eligible for the rebate the raceway  
3 facility must be located on fairgrounds, and must be located  
4 in a city with a population between 7,000 and 7,500, which  
5 city is located in a county with a population between 33,000  
6 and 33,450. In addition, the raceway facility must have been  
7 placed in service before the effective date of the bill.

8 The person eligible to receive the rebate is the owner or  
9 operator of the raceway facility. "Owner or operator" means  
10 a fair that is the owner or operator of a raceway facility and  
11 is the promoter of races. "Fair" means the same as defined  
12 in Code section 174.1 and generally means an organization  
13 incorporated under the laws of Iowa that holds fair events and  
14 meets certain property ownership requirements.

15 The rebate applies to two types of transactions. One, the  
16 state sales tax collected upon tangible personal property or  
17 services furnished to purchasers at the raceway facility. Two,  
18 the state sales or use tax paid in fulfillment of a written  
19 contract with the owner or operator if the property becomes an  
20 integral part of the project under contract and upon completion  
21 of the project becomes part of the raceway facility. The  
22 rebates only apply to transactions occurring on or after  
23 January 1, 2015, but before January 1, 2025, and are limited to  
24 a maximum of \$2 million.

25 With regard to the rebate of sales tax revenues collected  
26 upon tangible personal property or services furnished to  
27 purchasers at the raceway facility, the bill creates a raceway  
28 facility tax rebate fund consisting of the remaining amount  
29 of state sales tax revenue from these transactions after  
30 subtracting the local option sales tax under Code chapter 423B,  
31 the natural resources and outdoor recreation trust transfer  
32 pursuant to Article VII, section 10, of the Constitution of  
33 the State of Iowa if applicable, the secure an advanced vision  
34 for education fund transfer pursuant to Code section 423F.2,  
35 and any transfers required, if applicable, to a baseball and

1 softball tournament facility and movie site sales tax rebate  
2 fund, flood mitigation sales tax increment fund, or Iowa  
3 reinvestment Act sales tax increment fund. Rebates from these  
4 transactions are paid only from this rebate fund, are limited  
5 to the amounts in the fund, and are made on forms furnished by  
6 the department of revenue.

7     With regard to the rebate of sales or use tax paid in  
8 fulfillment of a written contract with the owner or operator,  
9 the bill specifies that the rebate of sales tax shall not  
10 exceed the amount remaining after the transfers listed above  
11 have been subtracted from the total amount of the sales tax  
12 rebate requested, as applicable. The bill also specifies that  
13 the rebate of use tax shall not exceed the amount remaining  
14 after subtracting the local option taxes under Code chapter  
15 423B and the secure an advanced vision for education fund  
16 transfer pursuant to Code section 423F.2. A contractor  
17 that has a written contract with the owner or operator is  
18 required to provide information under oath to the owner or  
19 operator regarding the amount of property or services used in  
20 performance of the contract upon which sales or use tax has  
21 been paid. A contractor who willfully makes a false report is  
22 guilty of a simple misdemeanor and is liable for the payment  
23 of the tax and any applicable penalty and interest. A simple  
24 misdemeanor is punishable by confinement for no more than  
25 30 days or a fine of at least \$65 but not more than \$625 or  
26 by both. Rebates from these transactions are made on forms  
27 furnished by the department of revenue.

28     The rebate ceases if control of the facility changes. A  
29 change in control will occur when the fair that is the owner  
30 or operator on the effective date of the bill ceases to own a  
31 majority of the equity interests in the raceway facility. The  
32 rebate provision is repealed June 30, 2025, or 30 days after  
33 a total of \$2 million has been rebated, or 30 days following  
34 the change of control causing the rebates to cease, whichever  
35 occurs earlier.